

UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL  
*Board of Directors Meeting*

March 21, 1996, 10:00 a.m.  
St. George Holiday Inn, Suite 148  
St. George, Utah  
801-628-4235

# AGENDA

10:00	Call to Order	Gary Herbert
	Welcome & Introduction of Board Member, Curtis Dastrup	Brett Rich
	Review of Board Members Absent	Gary Herbert
	Approval of February 22, 1996 Minutes	Gary Herbert
	House Bill 343 Insurance Amendments	Brett Rich
	Director's Report	Brett Rich
12:00	Lunch Break	
	Loss Prevention Report	David Nelson
	Brokers Report	Jess Hurtado Keri Chappell
	Audit Committee Report	Gerald Hess
	Summary of January and February Financial Statements	Brett Rich
	Set Date & Time for Closed Meeting to Discuss Pending or Reasonably Eminent Litigation	Board of Director's
	Other Business	Gary Herbert
2:00	Adjourn	



**UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL  
MINUTES, BOARD OF DIRECTORS MEETING**

March 21, 1996, 10:00 a.m.  
St. George Holiday Inn

**Board Members Present:**

Gary Herbert, *President*, Utah County Commissioner  
Gerald Hess, *Vice President*, Davis County Deputy Attorney  
Sid Groll, *Comptroller*, Cache County Sheriff  
Robert Gardner, *Secretary*, Iron County Commissioner  
Ty Lewis, San Juan County Commissioner  
Gary Sullivan, Beaver County Commissioner  
Ken Brown, Rich County Commissioner

**Board Members Absent:**

Curtis Dastrup, Duchesne County Commissioner  
Sarah Ann Skanchy, Cache County Council Member

**Others Present:**

Kent Sundberg, Utah County Deputy Attorney  
Brent Gardner, UACIM Administrator  
Brett Rich, Director, UACIM  
David Nelson, Loss Prevention Manager  
Sonya White, UACIM Administrative Assistant  
Jess Hurtado, UACIM Broker  
Keri Chappell, UACIM Broker  
Doug Alexander, UACIM Claims Manager

**CALL TO ORDER**

Gary Herbert called the meeting to order and welcomed those in attendance.

**REVIEW OF BOARD MEMBERS ABSENT**

Curtis phoned and requested to be excused due to an injured employee. Sarah Ann requested to be excused due to conflicting meetings. Ken made a motion to excuse Curtis from this meeting and request Sarah Ann to identify the "conflicting meetings". Sid seconded the motion and the motion carried.

**REVIEW AND APPROVAL OF FEBRUARY 1996 MINUTES**

The minutes from the February 22, 1996, Board meeting were previously sent and reviewed by the Board. Gary Sullivan made a motion to approve the minutes as written. Robert seconded the motion and the motion carried.

**HOUSE BILL 343 - INSURANCE AMENDMENTS**

Brett explained that HB 343 did not pass during the legislative session. Brett is concerned that this bill may be on "call" for the upcoming *special session*. The Board directed Brett to continue to monitor HB 343 and communicate with the Insurance Department as to their intent. This bill will impact other entities i.e., School District, Utah Risk Management Association and the Utah Local Government Trust.

**LOSS PREVENTION REPORT**

David reviewed his written report with the Board (see attachment #1). Regional Training in the area of "Drugs in the Workplace" was held March 12-15. Only 13 of the 22 member counties were represented at the training with a total of only 54 attendees. David and the Board are concerned with the low attendance to these training sessions. The Board directed David to contact those counties not represented to inquire as to why none of their officials/employees attended the training. Also, David and the Personnel Loss Prevention Committee must be aware of other training conducted by other entities so as not to duplicate efforts and confuse the member counties.



## LOSS PREVENTION REPORT, cont.

David reviewed with the Board a schedule of the upcoming American Society of Safety Engineers Annual Professional Development Conference which will be held June 24-26 in San Diego. Sid made a motion for David to present a detailed expense report for the Conference and report to the Board at the next meeting. Robert seconded the motion and the motion carried.

David explained to the Board the events surrounding the recent concern generated by his inspection of the Utah County Jail. Following these events, David received a letter of resignation from Utah County Sheriff Bateman from the position of chairman of the UACIM Law Enforcement Committee. After extensive discussion and insight into the challenges facing county law enforcement, the Board agreed that a meeting with the Sheriff's Association to resolve these concerns would be appropriate. The Board directed Brett and David to make an outline detailing the meeting discussion, review it with the Sheriff's Association officers and then schedule a joint meeting with the Board and the Sheriff's. Also, pertaining to the recent case in this regard, the Board directed Brett and Doug to demand an immediate opinion from National Union and defense attorney, Baird Morgan.

## DIRECTOR'S REPORT

**Actuarial Report:** Brett reported that the Coopers and Lybrand actuarial report was received and previously sent to the Board of Directors for review. Board members had reviewed that report and there were no questions at this time. Brett continued by discussing his concerns with the actuarial analysis calculation due to the accounting error discovered in 1994 wherein the claims were being reported on a claims made basis instead of claims occurrence form. The reallocations to correct this error appear not to have affected the numbers because the claims are still there but what is affected is the development of the claims particularly in 1992. Therefore, the claim development does not progress as projected. In discussing this issue with a representative at Coopers and Lybrand, Brett was told not to overreact because their calculations are based more on an industry average. However, with the ongoing loss prevention efforts, governmental immunity and proper claim reserving, Brett feels the Mutual is better in claims development than the industry. Brett will continue to negotiate with Coopers and Lybrand and will report back to the Board.

**SB 192:** Brett gave an update of SB 192, *Wildland Fire Suppression Fund*, sponsored by Senator Leonard Blackham, which passed this session. Funding for SB 192 was tied in with the *Cigarette Tax* bill which also passed but was vetoed. Now a way to fund wildland fire suppression must be found. Mark Walsh has indicated that the *Cigarette Tax* bill will be resurrected next year. Research into the possibility of UACIM administering this fund will continue.

**Risk Management Program:** Brett previously sent the draft of the Risk Management Program to the Board for review. This program, focusing on loss control efforts, offers a credit incentive set by the Board. This program is subject to change if needed by the Board of Directors. Ty made a motion to approve the Risk Management Program as presented by Brett who will also present this program to the membership in April. Ken seconded the motion and the motion carried.

**Washington County:** Pursuant to the Board motion at the last meeting, Brett sent a letter to Jess who forwarded it to the excess carrier, stating the Board's position on claim number 801WAS927004. Brett will report on any new developments at next meeting.

**Jail Standards:** Brett wrote an agreement to release the Jail Standards to Jess. This agreement was signed by Sheriff Craig Dearden. Kent has reviewed the finalized Jail Standards and has found some minor items of concern. Sid explained that the Standards will need to be revised approximately every other year and requested that Kent summarize his concerns to be considered during the review and revision process. Brett will contact Sheriff Dearden to attend the upcoming Utah Association of Counties Board of Director's meeting to report on the copyright procedure to the UAC Board since UAC provided the funding for the Jail Standards.

**Late Premium Policy:** Brett reviewed the language revising the previously adopted Late Premium Policy with the Board. *All UACIM premium and surplus contribution payments are due on or before the first day of January of the applicable policy year. Counties making payments, or portions thereof, postmarked after January 31<sup>st</sup> shall be charged interest calculated at 2% above the Federal Prime Rate.* Sid made a motion to approve the revised policy statement. Gerald seconded the motion and the motion carried.

**Insurance Department:** Brett is finalizing the response to the Insurance Department which is due by March 28<sup>th</sup>. Brett met with the pooling experts at AON in Chicago who presented a very impressive program that consisted of bringing the attachment point down, bringing the SIR down, broadening the coverage and reducing the overall fees. Brett feels this program addresses the Mutual's specific concerns and may very well be the best response to present to the Insurance Department.



## DIRECTOR'S REPORT, cont.

Insurance Department, cont. Jess and Brett extensively reviewed this program and the structure with the Board explaining that the AON pooling experts have significant negotiating power with different excess carriers. Coregis is considering a three year program for the Mutual and are willing to meet with the Insurance Department to verify the solvency of the Mutual based on this program. This fully funded program, as proposed, with the unlimited aggregate attachment point, verifies that the Mutual cannot go bankrupt, minimizing the Insurance Commissioner's surplus concerns. Provisions in the insurance code allow the Commissioner to grant any public agency insurance mutual an exemption from the surplus requirements and Brett feels this program gives him the basis to exempt the Mutual.

National Union has been slow to respond to most of the Mutual's issues and has not met the Mutual's needs. If the Board decides to adopt this program, Jess feels that the Board may pro-rata cancel the existing policy mid-term—July. If the Board decides not to go with this program, a decision must be made regarding the surplus requirements. Other options may be: 1) commit to the Department that premium contributions will be raised, 2) restructure and change the domicile of the Mutual and operate under a rent-a-captive, 3) reduce coverages under the Mutual, i.e., first dollar amount on professional liability, or 4) re-negotiate the loss pick with Coopers & Lybrand.

After extensive discussion and review of provided documentation, Ty made a motion to present the Coregis program to the Insurance Department with the intent of implementing that program or an equal program on or before July 1, 1996, and discontinuing coverage with National Union. Also, Brett shall continue the RFP process to be completed by June 15, 1996. Ken seconded the motion and the motion carried.

## AUDIT COMMITTEE REPORT

The Audit Committee is in the process of reviewing the actuarial report by Coopers and Lybrand. A report will be given once this review is completed.

## SUMMARY OF JANUARY & FEBRUARY FINANCIAL STATEMENTS

The financial statements for the month ending January and February were previously sent to the Board for review. Brett reviewed the total incurred 14 month progression by year chart with the Board. Last month the chart showed that 1995 was the Mutual's best fund year. That has changed due to claims received last month. The next chart diagrammed the 1993 and 1994 history of total incurred and the effect on 1992 claims when claims made were corrected to claims occurred. Brett explained that the claims were shifted but the numbers on the financial statements have not been adjusted and must be adjusted for accurate actuarial projections. This will be a major task to review each claim that was reported after 1992.

## SET DATE & TIME FOR CLOSED MEETING TO DISCUSS PENDING OR REASONABLY EMINENT LITIGATION

Ken made a motion to set the date and time for closed meeting at 1:35 p.m. March 21, 1996. Sid seconded the motion and the motion carried.

A motion was made for the Board to open the closed meeting. The motion was seconded and the motion carried.

Ken made a motion to authorize settlement up to an amount of \$35,000 for claim number 801UTA957017. Gerald seconded the motion and the motion carried.

Gerald made a motion authorizing Doug and the defense council on claim number 801WAS927004, to retain two experts to assist with the case—Steven Burningham, State Weed Control Division, and Jack Evans, Utah State University.

## OTHER BUISNESS

Jess reported his concerns regarding the liability potential involving the lease of land by Washington County for a Desert Tortoise Sanctuary and the tortoise being an endangered species. The Board requested Brent to discuss this issue with the Washington County Commission.

The next meeting of the UACIM Board of Directors will be at 9:00 a.m. on the 19<sup>th</sup> of April 1996, at the UAC Offices. Meeting was adjourned.

